

# EXECUTIVE DIRECTOR'S MONTHLY REPORT

## AUGUST 2005

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Each month I establish, with input from the Directors, the priority issues on which management and the staff focus. This report summarizes the work that was accomplished during the month as well as other items I feel will give the Council a better understanding of what the staff and I are doing to accomplish our performance objectives.

### **I. Improve the efficiency and accountability of management within the organization**

- The fiscal year ended on June 30, 2005, preliminary figures indicate the fiscal year (FY) will end with a higher bank balance, lower Accounts Receivable balance, and a lower Accounts Payable balance than FY 2003/2004.

### **II. Provide support to the Regional Council in providing direction and Leadership to SCAG**

- On June 27-29th SCAG attended NARC's 39th Annual Conference at the Portola Plaza in Monterey. While there I participated on a panel on "Goods Movement, Freight and Regional Economy." Don Rhodes was on a panel regarding Working with the Press. Supervisor Judy Mikels was elected as an Officer of NARC. Mayor Ron Loveridge was the recipient of the Tom Bradley Award and the Outstanding Regional Leader in the Country, and Bev Perry was the recipient of the John Bosley Award for the Most Innovative Policy Person for her work on Compass.
- On July 12th I conducted an orientation briefing with Councilman David Gafin, City of Downey representing Regional Council District 25.
- On July 22nd Regional Council Members Lou Bone, Richard Dixon and Tod Ridgeway, along with Jim Gosnell and Nancy Pfeffer met with Assemblyman Chuck DeVore (70th District) to discuss Goods Movement. He is very interested in several aspects of freight, particularly truck issues and asked us to work with him.
- On July 28th President Young, Jim Gosnell, Karen Tachiki and Colin Lennard met with the President of the San Gabriel COG and other representatives to discuss SCAG's audit of the COG.

### **III. SCAG Operations**

- IT Implementation Update. We have completed the Phase I cabling upgrade. We are making good progress with the Phase II implementation including Groupwise migration to Outlook. We have also begun the process for acquiring new PCs as part of Phase III.
- Internal Auditor. The recruitment for the Internal Auditor has been completed and the successful candidate is scheduled to start August 28, 2005.
- Staff Evaluations. All staff evaluations for fiscal year 2004- 2005 have been completed.

- Staff Retreat. The staff participated in an off-site learning/team building day at the Hyatt Regency in Long Beach. The focus of the retreat is on Goods Movement and Leadership for Southern California – Goods Vibrations. The day included employee peer recognition awards, staff celebration of accomplishments and priorities, a tour of the ports hosted by the Port of Long Beach and team building activities.

#### IV. Implement Adopted Regional Plans

- Maglev. Plans for a SCAG trip to Shanghai are underway. Staff continues to look for funding sources and will report their progress to the Maglev Task Force in August and to the RC in September. Jim Gosnell attended a reception hosted by the Chinese American Chamber of Commerce which promotes trade between the U.S. and China.
- Draft 2006 STIP Fund Estimate. The Draft 2006 STIP Fund Estimate comprises two tiers including a more conservative (Tier 1) scenario and a more optimistic (Tier 2) scenario. The latest forecast shows an additional \$2.1 billion of new programming capacity under Tier 2-but much of the STIP programming capacity would not be available until the latter years. Under Tier 1, there would be a negative STIP programming capacity of \$3.7 billion-requiring deprogramming of existing STIP projects.

Under both scenarios, the State Highway Operation and Protection Program (SHOPP) would be funded first. Any new STIP capacity would depend on Transportation Investment Fund (TIF) transfers and Public Transportation Account (PTA) spillover revenues. Federal representatives indicated that the FHWA would approve the 2006 Federal TIPs as long as they were consistent with the approved STIP Fund Estimate. If any changes are made to the State Budget after the adoption of the STIP Fund Estimate, however, the new TIPs may experience a lockdown until financial constraint can be demonstrated.

The Draft STIP Fund Estimate numbers are subject to change-pending full impact assessments of the Bay Bridge deal and the reauthorization of TEA-21. Accordingly, the STIP Fund Estimate adoption will be delayed for about two months.

- Compass 2% Strategy. The first Compass 2% Strategy Partnership meeting was held on June 30th. Local business leaders, developers, and elected officials gathered to learn more about recent efforts in the 2% Strategy and to discuss ways in which the Partnership could broaden the audience for participation in the region. The Partnership will meet quarterly but will utilize a communication networking system through our website that will enable idea sharing on a more immediate basis.

Compass 2% Strategy outreach efforts continued in July, including a presentation by Jim Gosnell to the LA County Board of Real Estate and a presentation by Lynn Harris at the Executive Meeting of the League of California Cities in Monterey. The League Panel included SACOG and SANDAG and was presented as an opportunity to discuss regional “blueprints” for growth and how cities participate in implementation. Our presentation included examples of the Suite of Services now available to SCAG cities and generated a lot of interest. A copy of the presentation is available for viewing on the SCAG homepage under “What’s New” and includes links to the Suite of Services applications.

An updated Compass 2% Strategy website went live on July 1st. The website highlights maps of the 2% Strategy Opportunity Areas, planning tools and resources, numerous useful links, and application forms for technical assistance through the Compass “Suite of Services” and Demonstration Projects. We look forward to receiving applications from our member cities interested in partnering for new and innovative plans and projects.

- Regional Housing Needs Assessment (RHNA). State HCD has just approved the request by SCAG to coordinate the 2007 RTP and RHNA forecast process. The July 6, 2005 letter from HCD is now posted on the SCAG website home page. You can access the letter directly by clicking on the following link: [http://www.scag.ca.gov/downloads/home/HCDRHNA\\_070605ltr.pdf](http://www.scag.ca.gov/downloads/home/HCDRHNA_070605ltr.pdf)

Key milestones and dates are:

- 1) The duration of housing elements in the SCAG region will be 6 years
- 2) Consultation on the region’s share of statewide housing need – 11/1/05
- 3) Determination of region’s share of statewide housing need – 5/1/06
- 4) Final determination of RHNA/local housing allocation shares – 7/1/07
- 5) Adopted Housing Element due date – 7/1/08

## **V. Develop Additional Planning Efforts**

- Air Quality and Transportation Conformity. Air quality staff coordinated with FHWA, USEPA, County Transportation Commissions (CTCs), Caltrans, and others to collaboratively develop the Guidelines for the Development of the 2006 Regional Transportation Improvement Program. The staff contributed technical input to develop the 2005-2006 work plan for the Mobile Source Air Pollution Reduction Review Committee, which will allocate approximately \$19 million in 2005-2006 to reduce mobile source emissions in the Southland. Staff also briefed a coalition of environmental and transit stakeholders of the collective benefits of implementing the Compass 2% strategy and the transit strategies in the 2004 Regional Transportation Plan. Staff is working with the California Air Resource Board and the South Coast AQMD in a series of presentations to help inform decision-makers, city managers, and planners of the integrated air quality and land use planning tools that are available to help them reduce localized risks from air pollution.
- Regional Comprehensive Plan (RCP). Preliminary Draft Chapters for the Regional Comprehensive Plan (RCP) have been completed and presented to EEC and are available on the RCP website – [www.scag.ca.gov/rcp](http://www.scag.ca.gov/rcp). These preliminary drafts collect the region’s policy on a full range of issues, and contain action plans for implementation. As reported last month, the period for circulation and public review for the RCP will be extended so that the plan will be adopted together with the next Regional Transportation Plan and the environmental review for the two plans will be combined. During the current fiscal year, staff will work with the RCP Task Force to further develop the chapters, focusing on the development of performance outcomes.

- Regional Transportation Plan. Update of the RTP is moving forward. Staff has started the process of reviewing the planning and policy assumptions used in the 2004 RTP for potential refinement and adjustment. Staff has completed preliminary review of the broader goals and the performance measures used in the 2004 RTP and presented them to the Plans and Programs Technical Advisory Committee (P&P TAC), which has endorsed re-affirming the goals and the performance measures with minor adjustments for the next RTP update. Over the next several months staff will be reviewing the transportation system operation and maintenance needs and refining our inventory of capital projects and programs, which will be the basis for development of alternatives to be considered for the plan update.
- CEQA. Staff is continuing to provide input to two on-going processes in Sacramento, including one convened by the Administration's Resources Agency, and one convened by Senator Perata. Staff is hopeful that a short-term program can be enacted this year that would expand the existing in-fill housing exemption and establish a role for regional planning. Discussions continue on a longer term proposal that would call for in-depth, performance based regional plans that would replace some of the analysis that is typically done in a project-level Environmental Impact Report. SCAG is considering ways in which the current Regional Comprehensive Plan effort could be developed under this concept.
- Goods Movement. The next Goods Movement Executive Stakeholder Roundtable meeting will be held August 24th. Staff is continuing to quantify the value of proposed goods movement projects in terms of speed and travel time reliability, the top two values expressed by the private sector. The August 24th meeting will also be SCAG's opportunity to release and publicize the results of the multi-year port and modal elasticity study by UC Berkeley professor Robert Leachman. This study is expected to show that user fees will not result in diversion to other seaports if the revenue is used to reduce transportation system congestion.

## VI. Data

### Planning Data/GIS

- Planning Data. The Data & Monitoring staff continued our ongoing efforts to make SCAG the central source for information about the southern California region. During the past several months, data was collected on employment, payroll, building permits, digital aerial imagery at 2 foot resolution, jurisdictional boundaries, traffic counts and census related data items. The digital imagery will be used in the development of an existing land use database and allows users to see existing structures and features within the SCAG region. All of this information is made available to member agencies, public agencies, educational institutions and the general public.
- Southern California Inter-Regional Rail Study. The Southern California Inter-Regional Rail Study has been successfully completed. The Inter-Regional Rail Study was a cooperative effort performed jointly by SANDAG, SCRRA, AMTRAK, and SCAG. The project was financed through a Caltrans Transportation Planning Grant. The Southern California Inter-Regional Rail Study will provide the first complete picture of future passenger demand on Metrolink and Amtrak services between the SCAG Region and San Diego County. This new capability for SCAG's Regional Travel Demand Model will provide Metrolink, Amtrak,

SANDAG, and SCAG with information necessary for planning rail service and infrastructure improvements.

## VII> Legislative Program

- **State Budget.** On July 11th, Governor Arnold Schwarzenegger approved the Fiscal Year 2005-2006 State Budget. Totalling \$90 billion General Fund dollars, the budget includes \$7.5 billion in prior year revenues, \$84 billion in current year revenues, and \$209 million in transfers. \$53 billion in non-Proposition 98 expenditures and \$36 billion in Proposition 98 expenditures will produce a fund balance for FY 06-07 of \$1.9 billion.

Education funding continues to comprise the largest categorical expense in the state budget at 40%. Total General Fund (GF) education funding, including set-asides will approach \$50 billion, exceeding the minimum Prop. 98 funding requirement by \$750 million.

Business, Transportation and Housing (BT&H) GF expenditures hold the distinction in the FY05-06 budget of growing by the greatest degree—355.1% to be exact. Last year, only \$374 million were appropriated from the General Fund for BT&H. In FY05-06, that appropriation increases to \$1.7 billion, reflecting the \$1.3 billion transfer of Proposition 42 funds.

Together, total state transportation budget from the General Fund, special funds, and bonds is approximately \$9.2 billion.

Complicating the state transportation funding picture is the July 18th passage of AB 144 (Hancock) to fund the Bay Area Bridges costs overrun. AB 144 sets the state's contribution toward funding the overrun at \$630 million.

A preliminary, rough estimate of the cost to Southern California of the Bay Bridge fix is \$315 million.

This figure is substantially more favorable to Southern California than previous potential liabilities proposed under other funding scenarios. The negative impact of this reduction in Southern California's transportation funding is unknown.

Within BT&H, the Department of Housing and Community Development will provide \$390 million to local governments, non-profit organizations, and others to develop additional housing throughout California. An unanswered question in the housing arena is whether any portion of these funds will be allocated to SCAG for Regional Housing Needs Assessment (RHNA) reimbursement as part of the administrative fix contemplated by the Governor's budget staff following his line-item veto of the \$1 million RHNA funding in Caltrans' \$5 million State Planning & Research (SP&R) funding of regional blueprint planning.

- **TEA-21 Reauthorization.** After more than two years of deliberation, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), the long awaited surface transportation reauthorization, overwhelmingly passed both the United States House of Representatives and the Senate by 412-8 and 91-4, respectively, on Friday, July 29, 2005. SAFETEA-LU guarantees funding of \$286.4 billion over six years (2004 – 2009), a 38% increase in guaranteed spending. Funds were provided for many projects in southern California including Alameda Corridor East, Desmond Bridge, I-405 HOV lanes and Inland Empire goods movement.

The allocation for MPO's was increased from 1% to 1.25%. (There were over 6,000 earmarked projects). Private Activity Bonds were included as well as continuing the TIFIA Program. Goods Movement, in general, has received a much greater emphasis in this bill.

- Congress is now on recess until September 6, 2005. SCAG continued to advocate its reauthorization agenda on Capitol Hill up until the final vote. Our Washington lobbyists were fully engaged on all matters as well.